

# Purchasing & Contracting



## Department Description

The Purchasing & Contracting Department is responsible for the City's centralized procurement and materials management functions to ensure the availability of materials, supplies, equipment, and services to meet the City's capital improvement program and operational needs. The Department manages the awarding of contracts for professional and general services that are necessary to support the City's operational and administrative functions. Procurement professionals carry on the daily operational contracting needs of the organization, maintain the warehousing of essential materials, support mail center operations, and administer internal service level agreements.

The Department's mission is:

*To support the achievement of the City's Strategic Plan goals and objectives by providing superior services and support to City departments and customers for the centralized acquisition of services and supplies*

## Goals and Objectives

Fiscal Year 2010 goals and objectives are reprinted here as they were originally adopted. They have not been updated to reflect mid-year budget reductions, as implementation of those changes will occur in phases during the remainder of Fiscal Year 2010, making it difficult to provide reliable projections of service levels and performance targets. Additionally, an effort is currently underway to update the City's Strategic Plan goals and objectives, which may also alter the City's objectives, strategies, and performance expectations for the remainder of Fiscal Year 2010 and beyond.

### ***Goal 1: Procure high quality products and services for the best value, promoting fiscally-sound, efficient City government***

Provide the highest quality products and services at the best value to meet the various operational needs of the City. The Department continues to move toward accomplishing this goal by focusing on the following objectives.

- Standardize department operations
- Streamline procurement measures

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- Implement strategic sourcing
- Improve vendor performance measurement
- Support of diversity and local businesses

## ***Goal 2: Effectively manage contracts and related data, promoting fiscally-sound, efficient City government***

Having well-managed contracts, agreements, and supporting documents aid in the effective operation of the Department and the City as a whole. This will result in more efficient and timely receipt of goods and professional services. The Department moves toward accomplishing this goal by focusing on the following objectives.

- Implement integrated technical solutions for comprehensive contract management
- Provide customers with increased outreach on bid opportunities
- Improve staff contract administration training
- Streamline internal customer complaint notification process
- Resolve contractor issues in a timely manner

## ***Goal 3: Provide excellent customer service***

Ensuring that customers are provided excellent service is paramount to the organization. The Department will work to ensure that it is able to deliver accurate and timely customer service to enable City employees to perform their jobs more effectively. The Department moves toward accomplishing this goal by focusing on the following objectives.

- Improve guidance and resources available for internal and external customers
- Provide basic customer service training for department staff
- Enhance departmental teamwork
- Solicit customer feedback and use it to improve service delivery

## ***Goal 4: Pursue continuous workforce learning to ensure critical, high quality skill sets and a responsive and innovative workforce***

Developing and retaining a trained and skilled workforce is essential to the success of the Department. Ensuring that its employees are adequately trained, continuing to pursue professional development/education, and taking advantage of development opportunities, helps create a high performing organization that operates more efficiently and effectively. The Department moves toward accomplishing this goal by focusing on the following objectives.

- Participate in professional organizations and regional contracting efforts
- Support professional development and training
- Implement team rotations and cross training

## ***Goal 5: Promote the highest ethical standards and behavior among employees to promote public trust and confidence in City government***

The Department moves toward accomplishing this goal by focusing on the following objectives.

- Offer training to management and staff on ethical standards
- Management review of standards and ethical practices with staff on a regular basis
- Provide training on ethic standards set by National Institute of Governmental Purchasing (NIGP), National Association of Purchasing Managers (NAPM), and/or National Contract Management Association (NCMA)

# Service Efforts and Accomplishments

The Purchasing & Contracting efforts that began late Fiscal Year 2009 to find better ways to manage its chemical purchases for PUD has proven to be a great success. In May 2009, the Department negotiated reduced price for Caustic Soda 50 percent solution for a temporary price variance (TVA) cost of \$533.75 per dry ton down from original bid price of \$828.75. In December 2009, the Department negotiated the price down to \$343.33 per dry ton effective January 4, 2010. Cost savings for first half of Fiscal Year 2010 was \$389,812 which brings the total Fiscal Year 2010 cost savings to \$659,732 with TVA, or \$1.1 million from the original 2008 bid price. The Department also negotiated a 7 percent price reduction for Sodium Hydroxide PRI-SC for a total dollar benefit to the City of \$102,775 for Fiscal Year 2010 and negotiated a 6.47 percent price reduction for ferric chloride for a savings of \$313,425. Total Price reduction for Fiscal Year 2010 was \$1.5 million.

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The Department completed a competitive solicitation for a Microsoft Enterprise License agreement reaching a new deal that will save the City approximately \$500,000 a year on its Microsoft software products.

The Department also coordinated the streamlining of the CDBG grant process and resolution of CDBG issues involving processing of purchase requisitions, agreements, invoices, and payments.

For the ninth straight year, the Purchasing & Contracting Department received the Achievement of Excellence in Procurement Award from the National Purchasing Institute, an award that recognizes organizational excellence in procurement.

The Department also maximized the functionality of SAP and created a contract tracking system for all contracts signed by the Purchasing Agent.

As of March 1, 2010, the Department processed over 6,100 purchase orders for a total value of \$678.8 million and 74 construction and A&E professional services contracts were awarded totaling over \$41.0 million.



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## Department Summary

|                                  | FY2010<br>Budget  | FY2011<br>Proposed | FY2010–2011<br>Change |
|----------------------------------|-------------------|--------------------|-----------------------|
| Positions                        | 62.00             | 59.00              | (3.00)                |
| Personnel Expenses               | 4,866,374         | 4,585,293          | (281,081)             |
| Non-Personnel Expenses           | 23,181,447        | 22,784,448         | (396,999)             |
| <b>Total Department Expenses</b> | <b>28,047,821</b> | <b>27,369,741</b>  | <b>(678,080)</b>      |
| <b>Total Department Revenue</b>  | <b>24,577,413</b> | <b>24,487,057</b>  | <b>(90,356)</b>       |

## Central Stores Fund

### Department Expenditures

|                          | FY2010<br>Budget  | FY2011<br>Proposed | FY2010–2011<br>Change |
|--------------------------|-------------------|--------------------|-----------------------|
| Central Stores           | 23,749,090        | 23,684,518         | (64,572)              |
| Purchasing & Contracting | 31,467            | 16,809             | (14,658)              |
| <b>Fund Total</b>        | <b>23,780,557</b> | <b>23,701,327</b>  | <b>(79,230)</b>       |

### Department Personnel

|                   | FY2010<br>Budget | FY2011<br>Proposed | FY2010–2011<br>Change |
|-------------------|------------------|--------------------|-----------------------|
| Central Stores    | 22.00            | 22.00              | 0.00                  |
| <b>Fund Total</b> | <b>22.00</b>     | <b>22.00</b>       | <b>0.00</b>           |

### Expenditures by Category

|                               | FY2010<br>Budget  | FY2011<br>Proposed | FY2010–2011<br>Change |
|-------------------------------|-------------------|--------------------|-----------------------|
| <b>PERSONNEL</b>              |                   |                    |                       |
| Salaries and Wages            | 802,301           | 715,185            | (87,116)              |
| Fringe Benefits               | 526,698           | 588,256            | 61,558                |
| <b>SUBTOTAL PERSONNEL</b>     | <b>1,328,999</b>  | <b>1,303,441</b>   | <b>(25,558)</b>       |
| <b>NON-PERSONNEL</b>          |                   |                    |                       |
| Supplies                      | 21,997,000        | 21,997,000         | 0                     |
| Contracts                     | 249,497           | 257,111            | 7,614                 |
| Information Technology        | 102,424           | 50,022             | (52,402)              |
| Energy and Utilities          | 96,401            | 85,555             | (10,846)              |
| Other                         | 6,236             | 8,198              | 1,962                 |
| <b>SUBTOTAL NON-PERSONNEL</b> | <b>22,451,558</b> | <b>22,397,886</b>  | <b>(53,672)</b>       |
| <b>Total</b>                  | <b>23,780,557</b> | <b>23,701,327</b>  | <b>(79,230)</b>       |

# Purchasing & Contracting

## Revenues by Category

|                              | FY2010<br>Budget  | FY2011<br>Proposed | FY2010-2011<br>Change |
|------------------------------|-------------------|--------------------|-----------------------|
| Charges for Current Services | 23,675,557        | 23,675,557         | 0                     |
| Other Revenue                | 105,000           | 105,000            | 0                     |
| <b>Total</b>                 | <b>23,780,557</b> | <b>23,780,557</b>  | <b>0</b>              |

## Department Personnel Expenditures

| Job<br>Number                   | Job Title                          | FY2010<br>Budget | FY2011<br>Proposed | Salary Range    | Total          |
|---------------------------------|------------------------------------|------------------|--------------------|-----------------|----------------|
| 20000011                        | Account Clerk                      | 2.00             | 2.00               | 31,491 - 37,918 | 73,940         |
| 20000110                        | Auto Messenger 2                   | 6.00             | 6.00               | 29,931 - 36,067 | 210,990        |
| 20000171                        | Auto Messenger 1                   | 1.00             | 1.00               | 26,208 - 31,491 | 27,844         |
| 20000227                        | Procurement Spec                   | 1.00             | 1.00               | 49,109 - 59,488 | 0              |
| 20000538                        | Stores Operations Supv             | 1.00             | 1.00               | 45,573 - 55,078 | 53,701         |
| 20000539                        | Clerical Asst 2                    | 2.00             | 2.00               | 29,931 - 36,067 | 63,299         |
| 20000927                        | Sr Clerk/Typist                    | 1.00             | 1.00               | 36,067 - 43,514 | 0              |
| 20000950                        | Stock Clerk                        | 5.00             | 4.00               | 30,056 - 36,275 | 106,104        |
| 20000951                        | Stock Clerk(Auto Parts Stock Clrk) | 0.00             | 1.00               | 30,056 - 36,275 | 35,368         |
| 20000953                        | Storekeeper 3                      | 1.00             | 1.00               | 39,811 - 47,882 | 45,249         |
| 20000955                        | Storekeeper 1                      | 1.00             | 1.00               | 34,611 - 41,517 | 40,479         |
| 20000956                        | Storekeeper 2                      | 1.00             | 1.00               | 37,835 - 45,718 | 40,479         |
|                                 | Bilingual - Regular                |                  |                    |                 | 1,456          |
|                                 | Overtime Budgeted                  |                  |                    |                 | 16,276         |
| <b>Salaries and Wages Total</b> |                                    | <b>22.00</b>     | <b>22.00</b>       |                 | <b>715,185</b> |

## Fringe Benefits

|                                   |         |
|-----------------------------------|---------|
| Retirement ARC                    | 239,669 |
| Supplemental Pension Savings Plan | 20,800  |
| Retirement Offset Contribution    | 24,404  |
| Retirement DROP                   | 1,100   |
| Employee Offset Savings           | 7,182   |
| Workers' Compensation             | 22,774  |
| Flexible Benefits                 | 115,425 |
| Risk Management Administration    | 18,620  |
| Long-Term Disability              | 6,466   |
| Unemployment Insurance            | 1,509   |
| Medicare                          | 9,008   |
| Other Post-Employment Benefits    | 120,726 |

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## Department Personnel Expenditures

| Job Number                      | Job Title         | FY2010 Budget | FY2011 Proposed | Salary Range | Total            |
|---------------------------------|-------------------|---------------|-----------------|--------------|------------------|
|                                 | Unused Sick Leave |               |                 |              | 573              |
| <b>Fringe Benefits Total</b>    |                   |               |                 |              | <b>588,256</b>   |
| <b>Personnel Expenses Total</b> |                   |               |                 |              | <b>1,303,441</b> |

## Department Budget by Program

|                                   | FY2011 Positions | FY2011 Expenditures | FY2011 Revenue    |
|-----------------------------------|------------------|---------------------|-------------------|
| General Administration/Management | 0.00             | 129,271             | 0                 |
| Inventory Purchases               | 0.00             | 21,967,515          | 21,841,382        |
| Mail Center Operations            | 8.00             | 491,809             | 421,319           |
| Storeroom Operations              | 10.00            | 714,386             | 467,500           |
| Stores Accounting                 | 4.00             | 348,324             | 1,050,356         |
| IT Non-Discretionary              | 0.00             | 50,022              | 0                 |
| <b>Total</b>                      | <b>22.00</b>     | <b>23,701,327</b>   | <b>23,780,557</b> |

## General Fund

### Department Expenditures

|                          | FY2010 Budget    | FY2011 Proposed  | FY2010-2011 Change |
|--------------------------|------------------|------------------|--------------------|
| Purchasing & Contracting | 4,267,264        | 3,668,414        | (598,850)          |
| <b>Fund Total</b>        | <b>4,267,264</b> | <b>3,668,414</b> | <b>(598,850)</b>   |

### Department Personnel

|                          | FY2010 Budget | FY2011 Proposed | FY2010-2011 Change |
|--------------------------|---------------|-----------------|--------------------|
| Purchasing & Contracting | 40.00         | 37.00           | (3.00)             |
| <b>Fund Total</b>        | <b>40.00</b>  | <b>37.00</b>    | <b>(3.00)</b>      |

### Significant Budget Adjustments

|  | FTE         | Expenditure   | Revenue         |
|--|-------------|---------------|-----------------|
| <b>Revised Revenue</b>   | 0.00        | 0             | (90,356)        |
| Adjustment to reflect Fiscal Year 2011 revenue projections.  |             |               |                 |
| <b>Adjustment to Contracts and Equipment Outlay</b>  | 0.00        | 33,298        | 0               |
| Funding allocated according to a zero-based annual review of contract and equipment outlay requirements. |             |               |                 |
| <b>Budget Adjustments Total</b>  | <b>0.00</b> | <b>33,298</b> | <b>(90,356)</b> |

# Purchasing & Contracting

## Expenditures by Category

|                               | FY2010<br>Budget | FY2011<br>Proposed | FY2010-2011<br>Change |
|-------------------------------|------------------|--------------------|-----------------------|
| <b>PERSONNEL</b>              |                  |                    |                       |
| Salaries and Wages            | 2,290,633        | 1,930,484          | (360,149)             |
| Fringe Benefits               | 1,246,742        | 1,351,368          | 104,626               |
| <b>SUBTOTAL PERSONNEL</b>     | <b>3,537,375</b> | <b>3,281,852</b>   | <b>(255,523)</b>      |
| <b>NON-PERSONNEL</b>          |                  |                    |                       |
| Supplies                      | 57,048           | 51,399             | (5,649)               |
| Contracts                     | 211,173          | 144,277            | (66,896)              |
| Information Technology        | 344,689          | 159,215            | (185,474)             |
| Energy and Utilities          | 5,371            | 5,371              | 0                     |
| Other                         | 95,362           | 26,300             | (69,062)              |
| Capital Expenditures          | 16,246           | 0                  | (16,246)              |
| <b>SUBTOTAL NON-PERSONNEL</b> | <b>729,889</b>   | <b>386,562</b>     | <b>(343,327)</b>      |
| <b>Total</b>                  | <b>4,267,264</b> | <b>3,668,414</b>   | <b>(598,850)</b>      |

## Revenues by Category

|                              | FY2010<br>Budget | FY2011<br>Proposed | FY2010-2011<br>Change |
|------------------------------|------------------|--------------------|-----------------------|
| Charges for Current Services | 616,850          | 636,500            | 19,650                |
| Other Revenue                | 180,006          | 70,000             | (110,006)             |
| <b>Total</b>                 | <b>796,856</b>   | <b>706,500</b>     | <b>(90,356)</b>       |

## Department Personnel Expenditures

| Job<br>Number | Job Title                      | FY2010<br>Budget | FY2011<br>Proposed | Salary Range    | Total   |
|---------------|--------------------------------|------------------|--------------------|-----------------|---------|
| 20000012      | Administrative Aide 1          | 2.00             | 2.00               | 36,962 - 44,533 | 81,865  |
| 20000015      | Sr Mgmt Anlyst                 | 1.00             | 1.00               | 59,363 - 71,760 | 67,813  |
| 20000024      | Administrative Aide 2          | 2.00             | 2.00               | 42,578 - 51,334 | 48,836  |
| 20000070      | Asst Eng-Civil                 | 1.00             | 0.00               | 57,866 - 69,722 | 0       |
| 20000071      | Asst Eng-Civil(Cntrct Spec)    | 0.00             | 1.00               | 57,866 - 69,722 | 67,249  |
| 20000119      | Asoc Mgmt Anlyst               | 5.00             | 5.00               | 54,059 - 65,333 | 246,505 |
| 20000143      | Asoc Eng-Civil                 | 2.00             | 0.00               | 66,622 - 80,454 | 0       |
| 20000145      | Asoc Eng-Civil(Sr Cntrct Spec) | 0.00             | 2.00               | 66,622 - 80,454 | 145,065 |
| 20000227      | Procurement Spec               | 7.00             | 7.00               | 49,109 - 59,488 | 344,361 |
| 20000293      | Info Sys Anlyst 3              | 1.00             | 1.00               | 59,363 - 71,760 | 71,760  |
| 20000539      | Clerical Asst 2                | 1.00             | 1.00               | 29,931 - 36,067 | 31,926  |
| 20000545      | Contracts Processing Clrk      | 3.00             | 3.00               | 32,968 - 39,811 | 114,060 |
| 20000680      | Payroll Spec 2                 | 1.00             | 1.00               | 34,611 - 41,787 | 40,742  |
| 20000756      | Word Processing Oper           | 3.00             | 2.00               | 31,491 - 37,918 | 67,783  |
| 20000791      | Principal Procurement Spec     | 3.00             | 2.00               | 59,363 - 71,864 | 137,978 |



# Purchasing & Contracting

## Department Personnel Expenditures

| Job Number                      | Job Title                            | FY2010 Budget | FY2011 Proposed | Salary Range     | Total            |
|---------------------------------|--------------------------------------|---------------|-----------------|------------------|------------------|
| 20000879                        | Sr Procurement Spec                  | 1.00          | 1.00            | 53,955 - 65,270  | 63,638           |
| 20000885                        | Sr Civil Engineer                    | 2.00          | 0.00            | 76,794 - 92,851  | 0                |
| 20000890                        | Sr Civil Engineer(Princ Cntrc Spec ) | 0.00          | 2.00            | 76,794 - 92,851  | 164,538          |
| 20000924                        | Executive Secretary                  | 1.00          | 1.00            | 43,555 - 52,666  | 51,349           |
| 20000927                        | Sr Clerk/Typist                      | 1.00          | 1.00            | 36,067 - 43,514  | 42,426           |
| 20001101                        | Department Director                  | 1.00          | 1.00            | 59,155 - 224,099 | 139,678          |
| 20001222                        | Program Manager                      | 2.00          | 1.00            | 46,966 - 172,744 | 0                |
|                                 | Bilingual - Regular                  |               |                 |                  | 2,912            |
| <b>Salaries and Wages Total</b> |                                      | <b>40.00</b>  | <b>37.00</b>    |                  | <b>1,930,484</b> |

## Fringe Benefits

|                                   |                  |
|-----------------------------------|------------------|
| Retirement ARC                    | 656,716          |
| Supplemental Pension Savings Plan | 75,734           |
| Retirement Offset Contribution    | 61,139           |
| Retirement DROP                   | 3,642            |
| Employee Offset Savings           | 24,203           |
| Workers' Compensation             | 30,497           |
| Flexible Benefits                 | 206,725          |
| Risk Management Administration    | 32,340           |
| Long-Term Disability              | 17,896           |
| Unemployment Insurance            | 4,176            |
| Medicare                          | 27,029           |
| Other Post-Employment Benefits    | 209,682          |
| Unused Sick Leave                 | 1,589            |
| <b>Fringe Benefits Total</b>      | <b>1,351,368</b> |

|                                 |                  |
|---------------------------------|------------------|
| <b>Personnel Expenses Total</b> | <b>3,281,852</b> |
|---------------------------------|------------------|

## Department Budget by Program

|                                   | FY2011 Positions | FY2011 Expenditures | FY2011 Revenue |
|-----------------------------------|------------------|---------------------|----------------|
| Contract Services                 | 11.00            | 964,159             | 360,000        |
| General Administration/Management | 8.00             | 897,018             | 1,500          |
| PCard Program                     | 2.00             | 194,794             | 70,000         |
| Procurement                       | 16.00            | 1,453,228           | 275,000        |
| IT Non-Discretionary              | 0.00             | 159,215             | 0              |
| <b>Total</b>                      | <b>37.00</b>     | <b>3,668,414</b>    | <b>706,500</b> |

# Purchasing & Contracting

## Revenue and Expense Statement

|   | FY2010 Budget     | FY2011 Proposed   |
|---|-------------------|-------------------|
| <b>CENTRAL STORES</b>                       |                   |                   |
| <b>BEGINNING BALANCE AND RESERVES</b>       |                   |                   |
| Balance from Prior Year                     | 777,443           | (158,058)         |
| <b>TOTAL BALANCE AND RESERVES</b>           | <b>777,443</b>    | <b>(158,058)</b>  |
| <b>REVENUE</b>                              |                   |                   |
| Interoffice Mail Delivery                   | 371,319           | 371,319           |
| Reimbursed Material                         | 21,841,382        | 21,841,382        |
| Reimbursed Material Surcharge               | 1,462,856         | 1,462,856         |
| Surplus Property Sales                      | 30,000            | 30,000            |
| Surplus Property Sales Surcharge            | 75,000            | 75,000            |
| <b>TOTAL REVENUE</b>                        | <b>23,780,557</b> | <b>23,780,557</b> |
| <b>TOTAL BALANCE, RESERVES, AND REVENUE</b> | <b>24,558,000</b> | <b>23,622,499</b> |
| <b>OPERATING EXPENSE</b>                    |                   |                   |
| Inventory Purchases                         | 21,967,515        | 21,967,515        |
| Personnel and Non-Personal Expense          | 1,813,042         | 1,733,812         |
| <b>TOTAL OPERATING EXPENSE</b>              | <b>23,780,557</b> | <b>23,701,327</b> |
| <b>TOTAL EXPENSE</b>                        | <b>23,780,557</b> | <b>23,701,327</b> |
| <b>BALANCE</b>                              | <b>777,443</b>    | <b>(78,828)</b>   |
| <b>TOTAL EXPENSE, RESERVES AND BALANCE</b>  | <b>24,558,000</b> | <b>23,622,499</b> |